

State of Hawaii  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of Boating and Ocean Recreation  
333 Queen Street  
Honolulu, Hawaii 96813

March 11, 2010

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

HAWAII

Cancellation of Revocable Permit No. B-05-06 to Kona Blue Water Farms, LLC, and Issuance of a Revocable Permit to Keahole Point Fish LLC, a Delaware Limited Liability Company, located within Honokohau Small Boat Harbor, Kealahou, Honokohau, North Kona, Hawaii, TMK: (3) 7-4-08:003 (por.)

APPLICANT:

Keahole Point Fish LLC, 21 Commonwealth Avenue, San Francisco, California, 94118

LEGAL REFERENCE:

Section 171-55, -13 Hawaii Revised Statutes, as amended.

LOCATION and AREA:

Portion of Honokohau Small Boat Harbor, Island of Hawaii, TMK No. (3) 7-4-08:003 (por.) as shown on attached Exhibit A, with an area of approximately 20,000 square feet.

LAND TITLE STATUS:

Section 5(b) lands of the Hawaii Admission Act.  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:  
YES\_ NO x

DCCA VERIFICATION:

Place of business registration confirmed: Yes x No \_  
Registered business name: Yes x No \_  
Good standing confirmed: Yes x No \_

RENT AND SECURITY DEPOSIT:

Monthly rental is \$1150.00  
Security Deposit shall be twice the monthly rental.

CURRENT USE STATUS:

To provide an area for land-based operations in support of an ocean-based aquaculture project.

COMMENCEMENT DATE:

The first day of the month as determined by the Chairperson.

CHAPTER 343 -  
ENVIRONMENTAL ASSESSMENT:

In accordance with the "Comprehensive Exemption List for the Division of Boating and Ocean Recreation, Department of Land and Natural Resources, State of Hawaii, as concurred in by the Environmental Council, State of Hawaii," dated March, 1995, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states in pertinent part, "Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

REMARKS:

The Board at its regular meeting held on January 8, 2010 under Item D-25 consented to the assignment of General Lease S-5721 by Kona Blue Water Farms, Inc. (KBWF) assignor, to Keahole Point Fish LLC (KPF) assignee, for the submerged land portion of the offshore aquaculture operation. KBWF and KPF are in the process of completing the transaction at this time.

KBWF presently occupies approximately 20,000 square feet of land under Revocable Permit No. B-05-06 located within the Division of Boating and Ocean Recreation (DOBOR) Honokohau Small Boat Harbor. The permit is for its land-based operation in support of the offshore aquaculture project.

According to records of the Department of Commerce and Consumer Affairs, on September 1, 2009, Kona Blue Water Farms LLC, converted from a Delaware limited liability company to a Delaware Corporation, now Kona Blue Water Farms, Inc. The revocable permit is under Kona Blue Water Farms, LLC.

A seamless transition is necessary for this operation, in order to maintain the fish stock and offshore pens. To accomplish this, KBWF and KPF mutually request that Revocable Permit No. B-05-06 be cancelled to allow for a new revocable permit be issued to KPF immediately occupy this site to continue operations.

Use would remain exactly the same as a land-based operation, with all improvements and equipment remaining. This would include gravel ground cover, landscaping, portable office, tool containers, and feed storage containers, all enclosed by a perimeter fence with two gates. Staff did not solicit comments, as use remains the same and in the same location. The applicant, KPF has not had a lease, permit, easement or other disposition of State lands terminated within the past five years due to non-compliance.

RECOMMENDATIONS:

That the Board authorize the cancellation of Revocable Permit No. B-05-06 to Kona Blue Water Farms, LLC and approve the issuance a revocable permit to Keahole Point Fish, LLC so as to immediately occupy and commence operations in the subject area for land-based operations in support of its ocean-based aquaculture project.

1. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time.
2. Keahole Point Fish, LLC shall deposit with the Board of Land and Natural Resources an amount equal to two times the monthly rental then payable as security for the faithful performance of all terms and conditions of the permit.
3. Permittee must provide liability insurance at all times in an amount to be determined by the Department that names the State of Hawaii as an additional insured.
4. Review and approval of the Attorney General's Office as to form.
5. Any such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,



Edward R. Underwood  
Administrator

Attachment

APPROVED FOR SUBMITTAL



Laura H. Thielen  
Chairperson

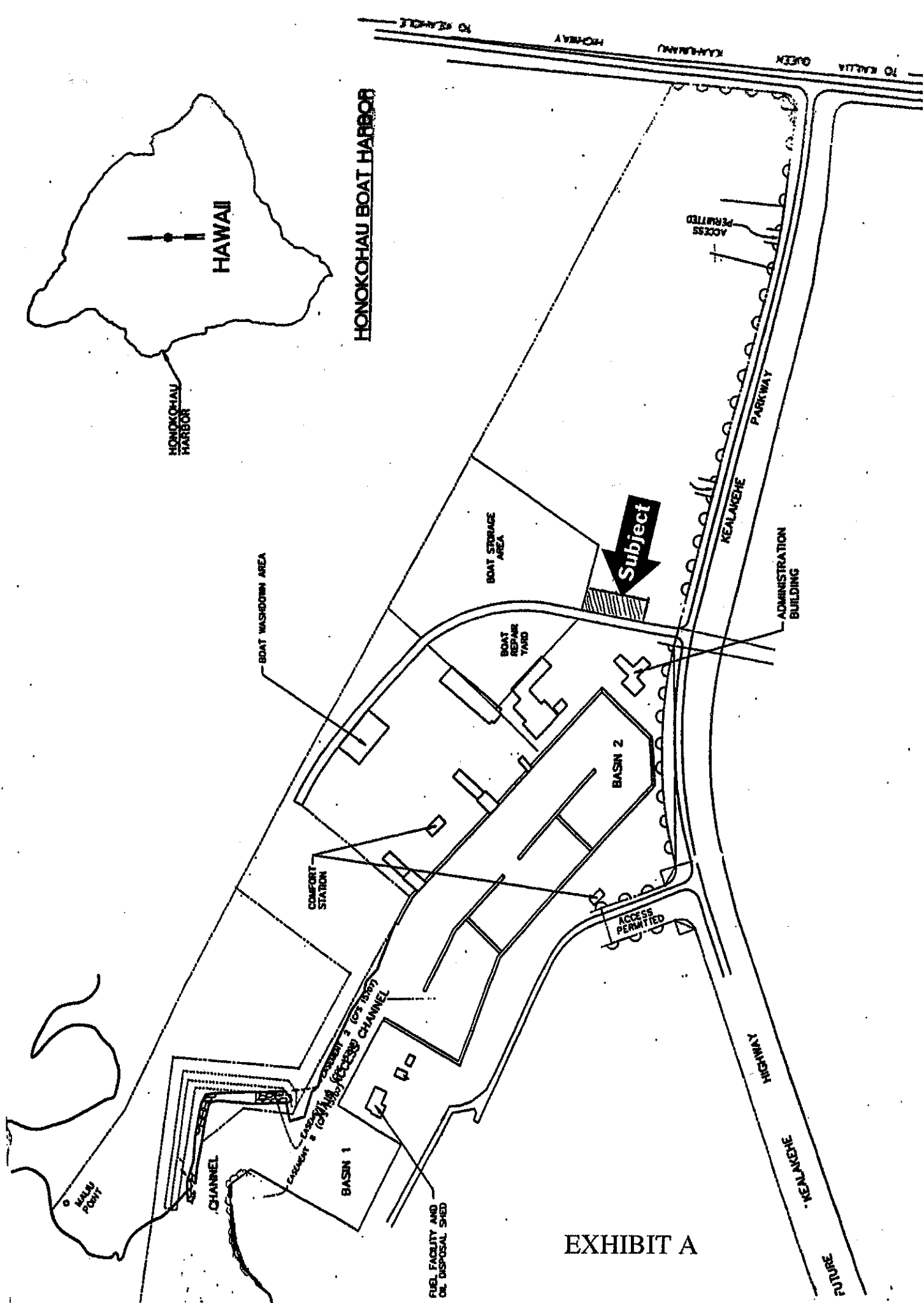


EXHIBIT A